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S E C R E T SECTION 01 OF 04 KUWAIT 001003

SIPDIS

STATE FOR NEA/ARP, NEA, D, PM, S/WCI
WHITE HOUSE FOR OVP
TUNIS FOR NATALIE BROWN

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TAGS: [PREL](#) [MARR](#) [IZ](#) [KU](#)

SUBJECT: (C) SCENESETTER FOR VPOTUS MEETING WITH FONMIN

REF: A. KUWAIT 368

[B](#). KUWAIT 379

[C](#). KUWAIT 728

[D](#). KUWAIT 758

[E](#). SECTO 42

Classified By: CDA FRANK URBANCIC; REASON: 1.4 (B,D)

[1](#). (C) Meeting with the Vice President March 31 will be the highlight of Kuwaiti Foreign Minister Shaykh Dr. Mohammed Sabah al-Salem al-Sabah's visit to Washington. It will also be the GOK'S highest-level meeting with the USG since Prime Minister Shaykh Sabah al-Ahmed al-Jaber al-Sabah's September 10 bilateral and lunch with the President at the White House. Dr. Mohammed has said he would like Deputy Prime Minister and Defense Minister Shaykh Jaber Mubarak al-Hamad al-Sabah to attend his meetings with senior US officials. He is also scheduled to meet with NSA Rice and Deputy Secretary Armitage, and participate in the Major Non-NATO Ally (MNNA) ceremony on April 1.

(U) KUWAIT: THE ONE INDISPENSABLE ALLY

[2](#). (C) Kuwait was the one indispensable ally for Operation Iraqi Freedom (OIF). It is unique: the only Arab state where both the government and public opinion openly supported us in eliminating Saddam Hussein's regime by force. Besides granting unqualified permission for basing and unlimited overflight/landing clearances for OIF, Kuwait built fuel pipelines for our forces and provided free fuel, as discussed in detail below. The Kuwaitis understand that they need us to succeed in Iraq, and they are eager to help. They have provided strong political support to the Iraqi Governing Council, most recently by inviting Iraq to the Neighboring Countries Ministerial held here February 14-15, as a full and equal participant. The Government and private sector are working together to crystallize a creative vision of an Iraq integrated into the Gulf region and beyond. Kuwait's total pledge at the Madrid Conference, \$1.5 billion, encompasses about \$1 billion already spent in support of the liberation of Iraq, including over \$122 million for humanitarian operations. The GOK says it will consult with the Iraqis on how best to spend the remaining half-billion dollars. The MFA Undersecretary confirmed to Charge March 28 that Kuwait is in the process now of transferring its \$10 million pledge for IRFFI, half to UNDP and half to the World Bank.

(C) SHARING THE BURDEN

[3](#). (C) The GOK continues to view the US as its long-term partner and protector. It understands, perhaps better than most, that even though we do things in a very heavy, expensive way, we get results. They like being on the winning team, and feel vindicated for having sided with us in the liberation of Iraq. That said, this is a small country, rich on a small scale, and our Iraq operations dwarf its income: the US \$87 billion supplemental is more than double Kuwait's GDP of \$35-40 billion. The Kuwaitis also want their contributions acknowledged, and they need to know what we expect them to provide and for how long.

[4](#). (C) The GOK's Assistance-In-Kind (AIK) fuel for US and Coalition forces is a significant issue that needs to be addressed: from \$8 million in 2002, it rose to well over \$400 million in 2003, and is projected to be over \$400 million for 2004. This represents about 22 percent of Kuwait's jet-fuel production, 4.5 percent of government revenues from oil sales, and 1.2 percent of GDP, proportionately equivalent to some \$150 billion in the US. Since Assistant Secretary Bloomfield's successful visit in January (refs A, B), the fuel has continued to flow at the rate of about 1.3 million gallons/day (worth approx. \$1.2 million), but who ultimately will pay for it remains undetermined. The GOK says it needs an agreement spelling out quantities to be provided and for how long, in order to fend off parliamentary criticism. However, the Kuwaiti leadership has been reluctant to specify any limit, apparently hoping we will put a cap on the AIK ourselves. Meanwhile, the fuel comes out of the MOD budget, severely constraining the Kuwait military's ability to pay for its own

operations and development. (NOTE: Deputy Secretary Armitage will set the stage for follow-on discussions April 2 between Dr. Mohammed and a State-DOD team. END NOTE.)

15. (S/NF) A Serious Operational Impact: reaching final agreement on the AIK fuel issue is critical to our continued ability to deploy forces into Kuwait. In but the most recent example of deployment problems caused by this lack of agreement, in February USCENTCOM requested the basing of two (2) EC-130H Compass Call aircraft at Kuwait's Ali al-Salem Airbase. These aircraft were being deployed specifically to provide jamming and sophisticated electronic warfare support to defeat Improvised Explosive Devices (IEDs) that are responsible for the majority of coalition casualties in Iraq. The Chief of Staff of the Kuwait Armed Forces did not allow the deployment, based on the need to reach an arrangement on the provision of fuel. Essentially we are now unable to move any additional aircraft into Kuwait pending resolution of this issue. To date, ground force deployment has not been affected (presumably because the forces are rotating to Iraq and not remaining in Kuwait). However, the freeze on aircraft basing is having an operational impact.

16. (C) With the fall of Saddam's regime, Kuwait is in the process of reviewing its security and defense requirements. The Ministry of Defense is increasingly concerned with its budget, and has begun to evaluate the costs associated with support to U.S. and Coalition Forces. We expect exercises, Foreign Military Sales, Assistance in Kind, and Burden-sharing costs to receive close scrutiny. Kuwait has already scaled back participation in bilateral military exercises, we believe primarily for budgetary reasons. OSD will host the bilateral Joint Military Commission (JMC), the first since 1999, on March 30-31 in Washington. Minister of Defense Shaykh Jaber Mubarak will attend.

17. (C) Iraq Debt Relief: Secretary Baker obtained the Prime Minister's support for substantial reduction of Iraq's debt this year. The GOK has made clear it intends to act in concert with the Paris Club, and only when there is a sovereign Iraqi government to negotiate with directly. Iraq's bilateral debt to Kuwait is estimated at \$8 - 15 billion. This is apart from Gulf War reparations which are dealt with by the UNCC under UNSC resolutions.

(C) COUNTER-TERRORISM COOPERATION

18. (S) Although general CT cooperation has been excellent throughout OEF, since a change in Ministers of Interior last summer, the GOK has become slow to grasp the seriousness of the Sunni Islamist threat among Kuwaitis. It needs to respond more quickly and substantively to our requests for information on Kuwaiti Sunni extremists, especially those active in Iraq.

(C) GUANTANAMO

19. (S) Improved cooperation would strengthen the GOK's case on Guantanamo detainees: during Secretary Rumsfeld's February 22 visit, Prime Minister Shaykh Sabah spent much of their meeting pressing for the Kuwaiti Guantanamo detainees to be repatriated. Even after SECDEF made clear they are dangerous individuals, the PM insisted he wanted them back, stating they could be incarcerated pending trial and the GOK could adequately monitor their activities if they were released. Shaykh Sabah reiterated this to Secretary Powell March 20. The GOK is now putting together a team to visit Washington for detailed talks on charges that could be brought against the thirteen Kuwaiti detainees, what penalties could be imposed, and how the GOK could ensure they would not cause harm if they were to be released.

(C) ARTICLE 98

10. (C) Kuwait signed an Article 98 agreement with Undersecretary Bolton last June, but has so far dragged its feet on bringing the agreement into force. This is perhaps no surprise, given the GOK's basic policy of maintaining good relations with all major powers, especially UNSC members. The MFA Undersecretary told Charge March 28 he would push to have enabling documentation sent to Embassy Kuwait before the Foreign Minister's arrival in Washington. As MFA made clear later in the day, this step requires the Minister's approval, and he has already left the country.

(C) MIDDLE EAST PEACE

11. (C) Kuwait condemned the Israeli killing of HAMAS founder Ahmed Yassin. Dr. Mohammed publicly accused Israel of trying to kill the peace process. We have seen no acknowledgment from the GOK or the Kuwaiti media of HAMAS's commitment to terrorist violence and rejection of the principle of peace with Israel.

(C) REFORM

12. (C) Secretary Powell was able to reassure the Kuwaiti leadership that the Greater Middle East Initiative is not a program that we intend to impose, and that we understand reform must come from within the Arab world. Prime Minister Shaykh Sabah had earlier been quoted as saying that Kuwait had received nothing on GME and did not want to. When put into its proper context, however, the GOK, and the Prime Minister in particular, seemed less concerned about cooperating with the US on essential reforms.

(C) IRRITANTS

13. (C) Special 301: After a promising upsurge in 2002, Kuwait took little action to protect IPR in 2003. Its rate of piracy of optical media is considered the worst in the Gulf, partly because other states have made dramatic improvements in the past few years. In keeping with industry's recommendation, Kuwait is likely to be escalated to Special 301's Priority Watch List this year (ref C).

14. (C) Trafficking In Persons (TIP): Since Secretary Powell raised the issue with Dr. Mohammed (then Minister of State for Foreign Affairs) last April, the GOK has made progress on the major TIP problem in Kuwait, the exploitation of (mostly female) domestic servants by some employers. The GOK has not fully engaged with us, however, and lags behind other GCC states that have had more time to come to grips with the issue because they were listed in the TIP Report earlier than Kuwait.

15. (U) US Visas: Student-visa applications in Kuwait rose about 25 percent in 2003, rebounding from the post-9/11 decline. The Kuwaiti government and public have not made an issue of the recent requirement for biometric data (electronic fingerprint) collection.

(C) ADDITIONAL DETAILS ON MILITARY COOPERATION

16. (C) Our estimate of Kuwait's financial support to the US-led coalition follows for the period 1 November 2002 - 31 October 2003:

- Kuwait MOD Budget: \$2.145 billion.

--- Burden-sharing payments to US amount to \$207 million. Includes costs for base operations, supplies, personnel support and military exercises.

--- Assistance in Kind (AIK). Estimated cost sharing of \$73 million. Includes fuel, food, TELECOM, laundry, and utilities for 20,000-40,000 US military personnel.

--- Foreign Military Sales (FMS): Kuwait also pays \$308 million in FMS payments to the US Treasury annually.

--- Total paid to the U.S.: \$644 million or approx. 30 percent of MOD budget.

- Previously planned and agreed construction: Kuwait previously agreed, and began construction of, Camp Arifjan in order to move ARCENT/CFLCC current operations off Camp Doha and return that site to Kuwait. The remaining \$55 million for completion has been delayed by GOK. This delay has resulted in extending "split base" operations for CFLCC at increased cost and loss of efficiency. An extensive program of safety and maintenance upgrades to Kuwait's airbases has likewise been delayed, apparently for financial reasons. While not as mission critical as the Camp Arifjan project, this \$50 million project also should be completed by Kuwait as it previously agreed.

- In addition to the above, and as discussed in paragraph 3 above, Kuwait continues to provide AIK fuel for US forces associated with Operation IRAQI FREEDOM operating in/from Kuwait; through February 2004, this is estimated at 551 million gallons worth \$463 million (rate: \$0.84/gal.), currently averaging 35 million gallons per month.

17. (S) Strategic Aerial Port of Debarkation/Embarkation (APOD): The principal APOD servicing not only Kuwait but also Iraq is located at Kuwait City International Airport (KCIA). Kuwait has requested the US relocate that operation to enable it to pursue commercial development there. USCENTCOM has briefed the Chief of Staff of Kuwait's armed forces on a proposal to relocate the APOD to Kuwait's Ali al-Salem Airbase, to include a significant amount of construction of runway and facilities, with a price tag approaching \$500 million. The Chief of Staff, who is not the decision-maker on funding, indicated that Kuwait does not need this project, implying that if we want it, we should be prepared to pay for it. In the meantime, USCENTCOM plans to

ask for a delay in relocating APOD functions from KCIA to May
12005.

118. (U) Baghdad minimize considered.
URBANCIC